

RESPONSE TO FINDING IR-00-005-01-FIN

Summary of Finding

Inspectors found that on April 17, 2000, the General Manager reassigned the Project QA Manager, in spite of not having management authority over the Project QA Manager. Based on this reassignment, the inspectors concluded the Contractor had not implemented Section 1.4 of the QAPIP that requires the group performing independent assessments to have sufficient authority and freedom to carry out its responsibilities. This is a Finding (IR-00-005-01-FIN).

Project response:

1. Agreement or disagreement with the Finding

The Project does not agree with the Finding.

2. Reason for the Finding

The Project acknowledges the appearance of a lack of independence of the Project QA Manager based on the reassignment of that manager by the General Manager. Regrettably, elements of this reassignment were poorly handled. Not all interested managers were fully involved, that is the Corporate QA Manager was not consulted before the action took place. His line manager, however, the Corporate ES&H/QA Manager, was fully involved throughout. In addition, some minor elements of the procedural process for hiring of a subcontractor (the Interim QA Manager was a subcontractor employee) were not completed. This did not, however, affect the selection of the appropriate candidate and is not germane to the issue of independence. Notwithstanding this, BNFL categorically denies the RU assertion that the Project QA Manager lacked organizational freedom from line management. The Project offers the following information, either as point of fact or clarification, regarding the reassignment of the Project QA Manager.

- A) The reassignment, by the General Manager, was actually done at the request and full knowledge of the Corporate ES&H/QA Manager, who was acting for the Corporate QA Manager, who is the supervisor of the Project QA Manager. The General Manager took the action because of his on-site proximity to the Project QA Manager.
- B) The timing of the reassignment was coincident with the hiring of new Interim Project QA Manager. That hiring process had been ongoing for several weeks and was conducted by both the Corporate ES&H/QA Manager and the onsite management staff, including the General Manager and the Head of Safety and Operations.
- C) Carl Smith, BNFL Corporate ES&H/QA Manager, was fully involved in the selection of the replacement for the Project QA Manager. Mr. Smith has every element of independence normally associated with his Quality Assurance management position. In agreeing to and directing the reassignment of the Project QA Manager, he acted within his authority on behalf of the Corporate QA Manager, Mr. Ray Laskey.
- D) Mr. Smith's testimony regarding the selection process has been omitted from the record of events presented by the Regulatory Unit (RU). The RU's statement that the reassignment of

the Project QA Manager was “by the GM,” does not account for Mr. Smith’s testimony that he had both agreed with the reassignment and recruited the replacement in a series of events in the month of March, well ahead of the reassignment.

- E) Also omitted in the RU’s depiction of events is the fact that there were other legitimate corporate reasons for the reassignment of the Project QA Manager totally unrelated to this event. Specifically, the BNFL General Manager, acting as Chief Engineer for the corporation, had discussed potential assignments with the Project QA Manager related to other BNFL sites, including those in the United Kingdom.
- F) The RU suggests that interviews for and selection of the Part B-2 (Interim) Project QA Manager had insufficient involvement by the Corporate QA organization, suggesting inadequate independence. On the contrary, the key interview was by the Corporate ES&H/QA Manager, who is the direct supervisor of the Corporate QA Manager.
- G) The RU suggests that senior managers did not sufficiently involve the Human Resources organization to assist with the interviews, selection, hiring, and reassignment. BNFL admits the requisition for the Interim Project QA Manager, as a subcontractor employee, did not fully involve the BNFL Human Resources Department in that their determination of consistency with the project staffing strategy, as required by procedure, was not completed. The selection process for the Interim Project QA Manager did, however, follow all other personnel selection procedures. Human Resources is not required to be involved with the interview, selection, or hiring of a subcontractor; they only have to sign the requisition.
- H) On December 17, 1999, the U.S. Department of Energy, Office of River Protection (ORP) conducted a surveillance of the RPP-WTP on BNFL's implementation and effectiveness of QARD Section 1.0, "Organization" (Surveillance Report WP&DP-SRE-00-02). The surveillance team evaluated the QA manager's organizational freedom to effectively communicate with other senior managers, the frequency of communications with other senior managers, and the effectiveness of those communications. Other areas evaluated included the authority of the QA department to ensure quality, the role of corporate QA in local decision making, and the willingness of the QA department to take actions when required to ensure quality (e.g., stop work, remove organization from approved vendor lists, etc.). The ORP team interviewed the Project QA Manager and reviewed several associated documents. No deficiencies were issued as a result of this surveillance.

3. The corrective steps that have been taken and the results achieved

- A. The documentation of this Finding by the RU, as well as the preparation of this response, have served notice on Project and Corporate management. The message is that quality assurance program integrity is of the utmost importance. And, that future lapses of judgment, which in this case caused the RU to believe that more onerous improprieties existed during the reassignment of the Project QA Manager, can bring adverse consequences on the Project and the Corporation.
- B. As of the date of this response, the General Manager involved in the original hiring and reassignment sequence has been reassigned.

- C. No changes have been made to the Project organizational structure, since the Project QA Manager continues to report directly to the Corporate QA Manager, who in turn reports to the Corporate ES&H/QA Manager.

4. The corrective steps that will be taken to avoid further Findings

Senior corporate management, project line, and general management are keenly aware of and will continue to strictly enforce the independence of the Project QA organization. The completion of required procedural actions and procedural compliance has been stressed to the senior and corporate management team. There is also recognition of the circumstances surrounding the events leading up to this finding and how those circumstances could be mistakenly construed as inappropriate handling of the issues. This finding constitutes a “lesson learned” for future business.

5. The date when full compliance with the applicable commitments in the authorization basis will be achieved

The Project is in full compliance with program requirements.

RESPONSE TO FINDING IR-00-005-02-FIN

Summary of Finding

The inspectors found that work subject to SWO-W375-00-QA00002 proceeded after April 3, 2000, when the Project QA Manager provided the SWO to the Deputy Project Manager, and although the Deputy Project Manager considered the stop work action inappropriate, he did not appeal the action to the Corporate QA Manager. Procedure K13P051_2, "Authority to Stop Work," required that the responsible manager immediately stop work when presented with a stop work order by the Project QA Manager, and if the responsible manager did not consider the stop work action appropriate, the action could be appealed to the Corporate QA Manager. Failure to follow the procedure, as required by QAPIP Section 5.3.2, "Procedure, Codes of Practice, and Instructions," regarding implementing the stop work order is considered a Finding (IR-00-005-02-FIN).

Project response:

1) Agreement or disagreement with the Finding

The Project agrees with the Finding.

2) Reason for the Finding

The specific reason for the Finding is that the Deputy Project Manager was not fully aware of the correct procedures for handling a Stop Work Order (SWO) or did not follow those procedures. Specifically, he did not immediately stop work and appeal the SWO to the Corporate QA Manager. The project procedure does not have recourse for the Project QA Manager for the refusal of the Project Manager to sign the stop work order.

The failure of the project to complete work processes to issue and approve the contract through the procurement process led to the decision to issue the SWO specifically against the BNFL Engineering Limited (BEL) work scope. Although this issue was discussed between the Deputy Project Manager and the Project QA Manager, the Deputy Project Manager requested additional information on two significant concerns before agreeing to the stop work order. These concerns are as follows:

- 1) Was the work being performed by BEL quality-related work performed and reviewed by River Protection Project-Waste Treatment Plant (RPP-WTP) project engineers prior to use on the project, and
- 2) An SWO at that point in the project would have serious content and schedule consequences relative to the April 24, 2000 project deliverable to DOE.

Neither of these concerns excuses the failure to follow the stop work procedure.

The project was not able to confirm that the scope of work for BEL was not quality-related without significant effort for research and review. The incomplete work scope and procurement process for the BEL contract resulted in the long-term efforts to identify the issues and complete the project directed stop work order for BEL services.

3) The corrective steps that have been taken and the results achieved

- A. The Stop Work Order was issued on April 12, 2000, nine days after its original presentation to the Deputy Project Manager.
- B. A Memorandum of Understanding has been signed by BEL and BNFL Inc. management that requires onsite BEL employees to work under and be trained in the RPP-WTP QA program.
- C. A review of the procurement process to verify specified contractor requirements and activities has revealed no further instances of work being performed without an approved contract. In addition, the procurement process has been strengthened to provide a QA determination on procurement activity.
- D. Management conducted a 100 percent review of documents submitted by BEL and work performed by BEL employees to determine the technical accuracy and overall quality of their input into design products. It was determined that all BEL input was subject to the usual project design document review and approval process. This included review, check, and approval by three separate individuals fully qualified, technically competent, and fully trained on the RPP-WTP QA program. As a result of the normal review process, all BEL technical input was either accepted or modified in accordance with reviewer technical judgment.
- E. The results of the presentation of this RU Finding, as well as the preparation of this response, have served notice on Project and Corporate management. The message is that quality assurance program integrity is of the utmost importance and that future lapses of judgment, even if only apparent, and completely legal and justifiable, can bring serious adverse consequences on the Project and the Corporation.
- F. The Stop Work Order was in effect on project activities for BEL services supplied to the project from the U.K. or off site until its removal on July 21, 2000 based on the memorandum of understanding, the contract termination, the resolution of the status of the BEL supplied services, and the identified procurement process requirements.

4) The corrective steps that will be taken to avoid further Findings

Senior corporate management, project line, and general management are keenly aware of and will henceforth strictly adhere to and enforce the compulsory use of procedures and the necessary processes for determining quality related activities. There is also a recognition of the circumstances surrounding the events leading up to this finding and how those circumstances could be mistakenly construed as inappropriate handling of the issues. This finding constitutes a “lessons learned” for future business.

5) The date when full compliance with the applicable commitments in the authorization basis will be achieved

The Project is in full compliance with program requirements.

RESPONSE TO QUESTION ON THE POTENTIAL CHILLING EFFECT

Summary of Question

The RU also requests that BNFL, in its response, describe what further actions will be taken to address potential "chilling effect" that has resulted from the reassignment of the Project QA Manager.

Project response:

1) Agreement or disagreement with the Issue

The Project agrees with the Issue.

2) Reason for the Issue

The specific reason for the issue was that Corporate and Project management were not able to complete the Project QA Manager replacement actions in a sensitive and compensatory manner. The management transition should have been planned and executed in a more open and confident manner. In addition, consideration should have been given for the personnel sensitivity issues and for the timing of the sequence of events.

3) The corrective steps that have been taken and the results achieved

The corporate ES&H/QA Manager took reasonable steps to reassure the QA staff that the management change was not due to the SWO, but due to the evaluation of needs for the approaching B-2 project phase. This occurred the week following the replacement action on April 17, in the form of an "all hands" meeting to discuss the action and the reasons for the change.

4) The corrective steps that will be taken to avoid further chilling effect events

Senior corporate management, project line, and general management are keenly aware of and will henceforth strictly adhere to and enforce the compulsory use of procedures and the necessary processes for determining quality related activities. There is also recognition of the circumstances surrounding the events leading up to this finding and how those circumstances could be mistakenly construed as inappropriate handling of the issues. This finding constitutes a "lesson learned" for future business.